



FINANCIAL CAPITAL



Haycarb Group reported a revenue of Rs. 43.2 billion and net profit of Rs. 4.3 billion, proving its resilience in the face of volatility in markets and operating environment closing the year with a strong balance sheet, giving the Company the strength to launch its future growth trajectory.



Rs **6.0**

Dividends per share



7.8%

Dividends yield



Rs **22.7** Bn

Market capitalization as at 31st March 2024



Rs **12.6**

Earnings per share



16.8%

Return on equity

LINK WITH MATERIAL TOPICS:

M5, M13

LINK WITH KEY RISKS AND OPPORTUNITIES / SRROS / CRROS

R2, R3, R4, R5, R6, R9, R15

ALIGNMENT WITH STRATEGIC PRIORITIES



CONTRIBUTION TO SDGS



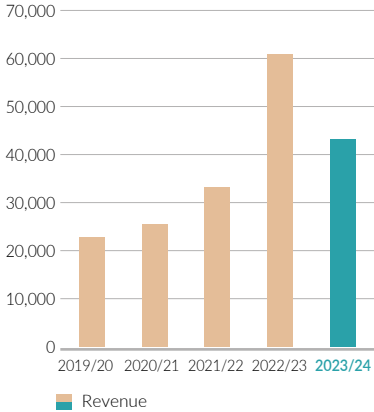
REVENUE

Total group revenue declined by 29% to Rs. 43.2 billion. The main reasons are price reductions offered to customers due to the decline in raw material cost and easing of global supply chain disruptions and related costs including normalization of freight cost. Appreciation of LKR against USD also resulted in decline in LKR reported activated carbon revenue. In spite of moderation of demand in traditional markets, business development and marketing initiatives to penetrate and expand markets, ensured a moderate decline in sales volume by 4%. Activated carbon segment revenue of Rs. 41.7 billion, represents 96% of Group revenue.

Meanwhile, the Environmental Engineering Solutions segment revenue increased 17% to Rs. 1.52 billion during the year, reflective of our efforts to re-organise and re-position the segment for growth as macro-economic conditions gradually improved in Sri Lanka and easing of pandemic related restrictions which facilitated re-entry to the Maldives market.

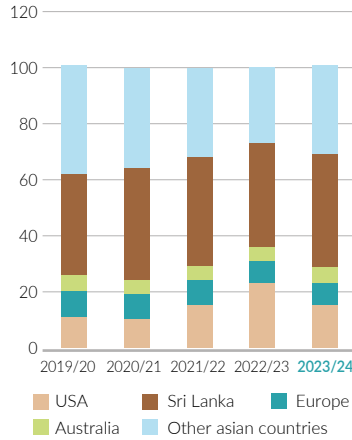
Revenue

(Rs Mn)



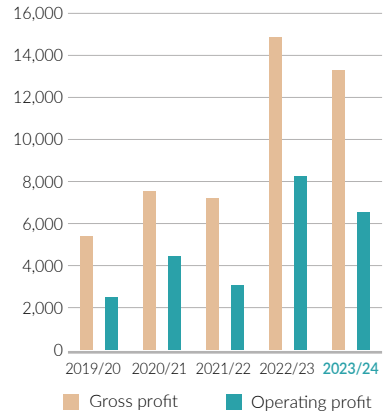
Revenue generated by geographic region

(%)



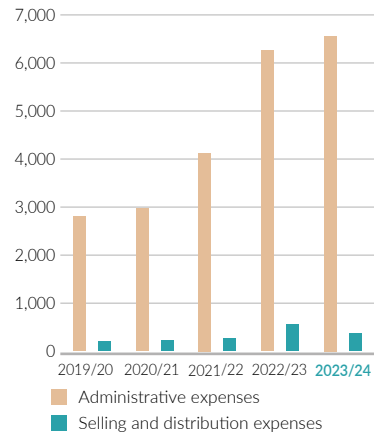
Profitability

(Rs Mn)



Overhead Expenses

(Rs Mn)



GROSS PROFIT

Consolidated gross profit declined by a more moderate 11% to Rs. 13.3 billion during the year supported by stable raw material prices, well managed cost base, lean initiatives, decreased freight rates for imports and reduction of low margin non-core business segments. This led to improvement in the Group's gross profit margin to 31% in 2023/24. Ongoing efforts to continuously improve the efficiency and productivity of our processes while minimising waste led to cost savings of Rs. 148million during the year.

124% to Rs. 306.2 million mainly due to the significant net exchange gain reported in 2022/23. Consequently the overall net finance costs rose to Rs.399.1 million during the year from Rs. 18.7 million the previous year.

The cumulative share of profits from equity-accounted investees was a negative of Rs. 8.8 million during the year was due to the share of loss attributable from Lakdiyatha (Pvt) Ltd of Rs. 15 million.

OVERHEAD EXPENSES

The Administration, selling and distribution expenses increased by only 2% in consolidated income statement due to the impact of appreciation of Sri Lankan Rupees against reporting currency of subsidiaries which partly negates the increase of overhead cost. The increase in remuneration and employee related cost resulted in increase of administration expenses.

PROFITABILITY GRI 207-1 to 4

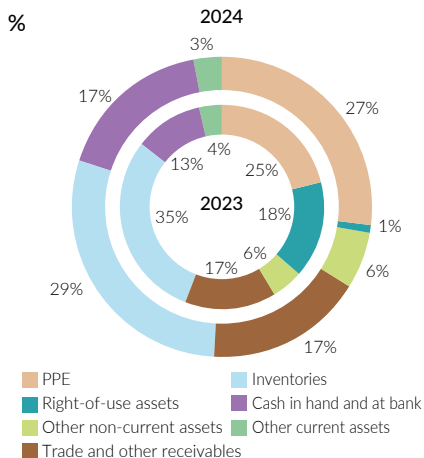
Underpinned by the decline in revenue, consolidated operating profit declined by 21% to Rs. 6.5 billion during the year. Overall, consolidated pre-tax profits declined by 26% to Rs. 6.1 billion in 2023/24. The Activated Carbon segment continued to dominate accounting for 99% of pre-tax profits, while the Environmental Engineering Solutions segment performance returned to profitability of Rs. 56 million compared to the loss of Rs. 244 million the previous year.

NET FINANCE COST

Net interest cost reduced by 88% to Rs. 160.7million due to the lower working capital needs, reduction in interest rates and prudent loan portfolio management within the group. Net exchange loss increased by

The Group's tax expense increased by 3% to Rs. 1.81 billion reflective of the increase in the effective tax rate to 30% . Overall, the Group's profit after tax declined by 34% to Rs. 4.31 billion. The Group's tax strategy is directed by its Board of Directors and Audit Committee and implemented by the

Asset Composition



FINANCIAL CAPITAL

CFO and the finance team. Compliance with tax regulations is monitored on an ongoing basis by the Internal Audit team with independent evaluation carried out by the external auditors at the end of the fiscal year. The responsibility of liaising with the tax authorities and filing of tax returns with the respective departments of the Inland Revenue lies with the CFO. Haycarb was in adherence with all tax regulations of each country of operation and no incidents of noncompliance were reported during the year.

CASHFLOW

Net cashflows from operating activities declined to Rs. 7.9 billion from Rs. 10.1 billion the previous year due to decline in performance which was cushioned by reduction in working capital, lower interest cost and tax payments. Net cashflows from investing activities amounted to negative Rs. 1.7 billion reflective of capital expenditure of Rs. 2.1 billion to enhance capacity and future focus on its manufactured capital. Net cashflows from financing activities Haycarb's cash and cash equivalents expanded to a positive of Rs. 2.9 billion compared with negative Rs. 1.5 billion as at 31/3/2023 after financing activities which include dividend of Rs. 1.9 billion to shareholders.

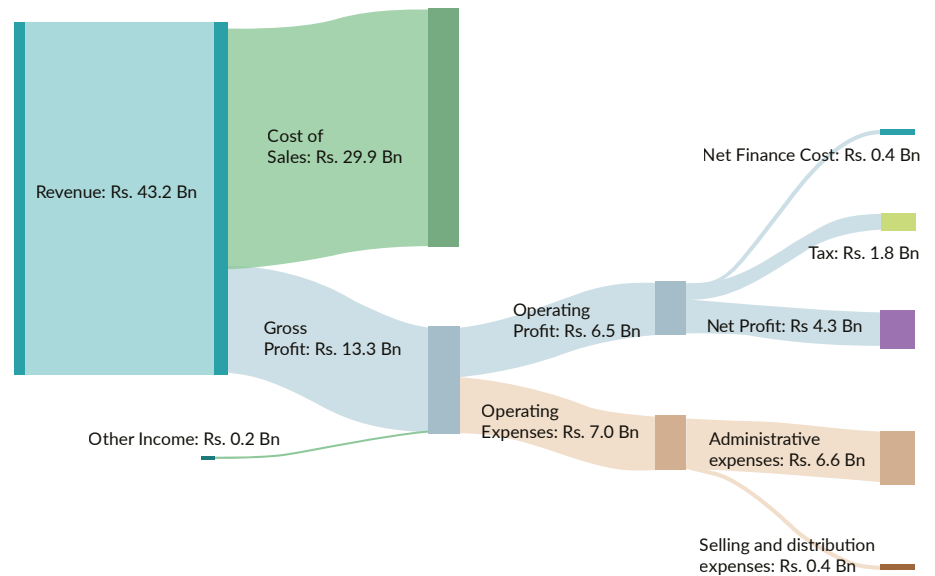
ASSET STRENGTH

The Group's asset base remained relatively stable at Rs. 40.2 billion as at end-March 2024 as the 8% expansion in non-current assets was offset by the 3% contraction in current assets. The expansion in the non-current asset base was driven by capital expenditure of Rs. 2.1 billion, as the Group future focused its manufactured capital through investments to enhance post activation and value addition capabilities and solar power generation. investments in inventory declined by 17% while trade and other receivables remained relatively stable and trade payables increased by 13.5% compared with the previous year.

FUNDING PROFILE

The Group's funding profile remained strong with a gearing ratio of 18.4% as at end-March 2024 (end-March 2023: 25.1%). The Group's total equity increased by 2%

Sankey diagram on the income statement

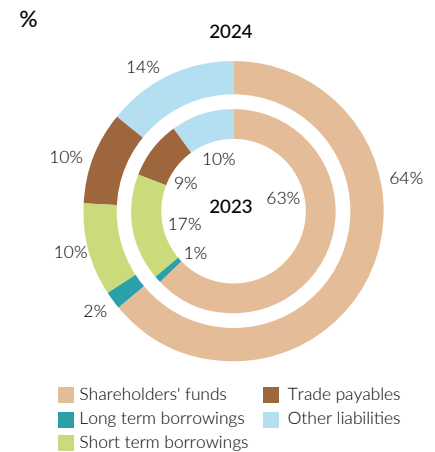


to Rs. 25.7 billion as at end-March 2024 of business performance. Meanwhile, long term borrowings (including non-current lease liabilities) rose by 93.5% to Rs. 670 million as the Group relied partly on borrowings to fund capital investments. In contrast, short term borrowings declined 38.7% to Rs. 4.21 billion reflective of reduced working capital needs.

SHAREHOLDER RETURNS

Earnings per share declined by 36% to Rs. 12.60 in 2023/24 while ROE declined to 16.8% during the year from 26% the previous year. However, net assets per share improved to Rs. 77.09 as at end-March 2024 (end-March 2023: Rs. 74.52). The total dividend per share amounted to Rs. 6 for the financial year 2023/24 compared with Rs. 5.65 in 2022/23.

Funding Profile



BUSINESS CASE



Market leadership position

We are a leader in the coconut shell activated carbon market with a global market share of 16%.



Global presence

GRI 2-1

Our operations are spread across 7 countries including 7 manufacturing plants in Sri Lanka, Thailand and Indonesia and marketing offices in UK, Germany, USA and Australia and a distributor network spread globally.



Capacity to innovate with state-of-the-art machinery and equipment

State of the art manufacturing facilities and strong research and development capabilities to develop new products that fulfill emerging needs. A product portfolio of >1,500 products.



Capable team and strategic partnerships

Our business success is underpinned by an empowered and highly skilled team, long-standing customer relationships, mutually beneficial partnerships with business partners and suppliers.



Responsible business practices and sustainability

A holistic ESG framework integrated into strategy formulation.

DuPont Analysis (Rs. '000)

